

**DRAFT UPDATE FROM THE  
OFFICE OF ECONOMIC DEVELOPMENT**

Presented To:  
PLANNING & ECONOMIC DEVELOPMENT COMMITTEE  
HONOLULU CITY COUNCIL  
Regular Meeting  
Tuesday, January 9, 2007  
2:30PM

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Office of Mayor Mufi Hannemann  
City & County of Honolulu

## PRESENTATION OUTLINE

BUILDING LIVABLE COMMUNITIES

OFFICE OF ECONOMIC DEVELOPMENT  
MISSION

GOALS & OBJECTIVES

OED's STRATEGIC FOCUS AREAS

REVIEW OF OED'S ACTIVITIES

- 2006-07
- 2007-08 CURRENT & POTENTIAL

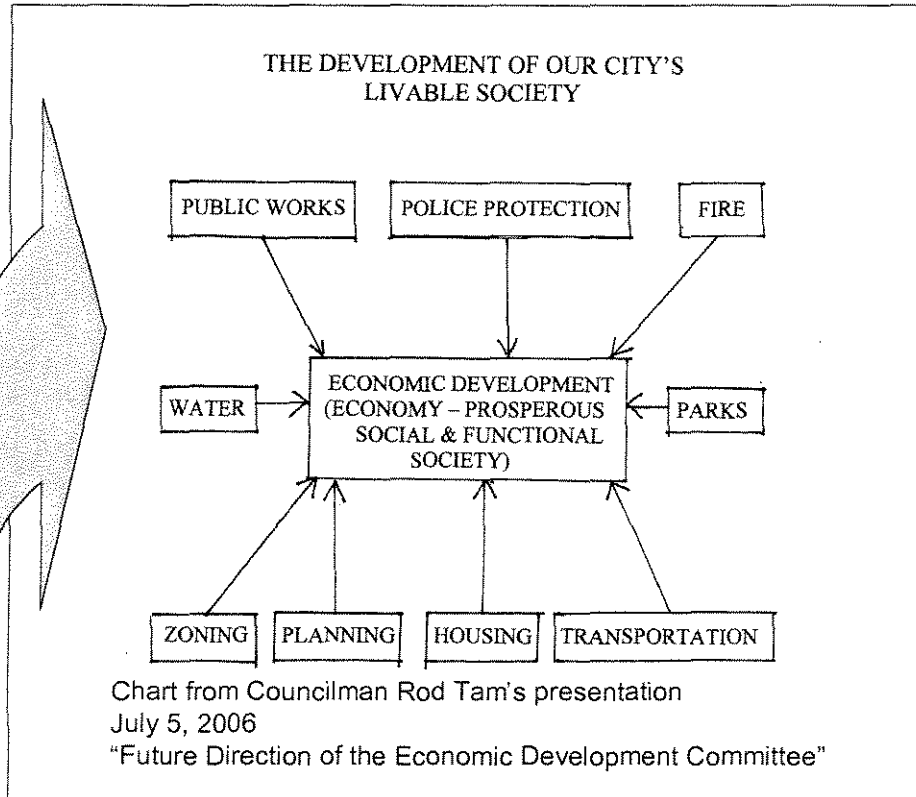
WHAT IS ECONOMIC DEVELOPMENT?

IS ECONOMIC DEVELOPMENT ONLY A STATE FUNCTION?

GIVEN OUR LIMITED RESOURCES, WHY SHOULD THE CITY OF HONOLULU  
FUND ECONOMIC DEVELOPMENT?

MEASURES OF EFFECTIVENESS

## BUILDING LIVABLE COMMUNITIES



**ATTRACTS & RETAINS  
BUSINESSES/RESIDENTS**



**INCREASED REVENUES  
ENABLE CITY TO DELIVER MORE SERVICES**

## OFFICE OF ECONOMIC DEVELOPMENT (OED)

### MISSION

Build livable communities that advance and sustain the quality of life of the people of the City & County of Honolulu.

### GOALS & OBJECTIVES

1. **Enhance economic prosperity for the City & County of Honolulu by supporting and implementing initiatives that:**
  - a. Improve quality of life and increase community satisfaction.
  - b. Make Honolulu's communities more attractive to businesses/residents.
  - c. Increase business productivity and growth.
  - d. Revitalize communities.
  - e. Support Honolulu's existing and emerging industries.
  - f. Reinforce unique strengths of Honolulu's diverse communities.
  - g. Create public/private partnerships & empower community participation.
  - h. Enhance City revenues
2. **Advance economic development needs of City & County of Honolulu.**
  - a. Coordinate and collaborate with other government agencies and programs (Federal, State, Neighbor Island Counties).
  - b. Facilitate community initiatives with internal City departments.
  - c. Increase public/private partnerships.
3. **Maximize limited resources**
  - a. Seek out public/private partnerships.
  - b. Maximize City resources/assets (facilities, parks, land, projects, boards)
  - c. Pursue Federal/State/Other funding opportunities.
  - d. Pursue revenue enhancement strategies.
4. **Current OED Staff = 4.5 & Program Budget = \$372,526**

**Additional resources should be considered to**

  - a. Expand revitalization efforts into more neighborhoods.
  - b. Maximize opportunities such as sports, tech.
  - c. Assist and support Transit-Oriented Development.

## OED's STRATEGIC FOCUS AREAS

### 1. TARGETED NEIGHBORHOOD REVITALIZATION

#### OED'S ACTIVITIES 2006-07:

- **Targeted Economic Development Plan**  
Developed "Targeted Economic Development Plan" in partnership with Enterprise Honolulu and input from Mayor's Economic Development Task Force. Plan identifies key communities with prime revitalization potential where City support could generate meaningful results and accelerate economic growth opportunities.
- **Chinatown Summit**  
Successfully planned and executed first summit in June 2006 – CHINATOWN.
  - Initiated and facilitated collaboration amongst over 350 community stakeholders.
  - Empowered community groups and partnered on revitalization initiatives.
  - Facilitated projects involving other City departments.
- **Initial Results:**
  - Community formed workable solutions, focused vision for Culture & Arts, and tangible action plan.
  - Generated numerous public/private partnerships.
  - Encouraged 3 largest Chinatown organizations to continue coordination for Chinese New Year celebration.
  - Feb 2007 Month in Chinatown.
  - Façade restoration project on Hotel Street.
  - Preserve American Community Neighborhood designation.
- **City Led Initiatives In Progress:**
  - Arts Incubator: Planning grant \$125,000 awarded.
  - Bright Ideas Mini-Awards – Awards granted to community for grassroots ideas – Ford Foundation & Hawaii Arts Alliance.
  - Sister-Cities: Sun Yat-Sen memorial & park.
  - Free wireless internet: City initiated partnership with Earthlink.
  - Events: Encourage more activities in Chinatown – seeded funds for pilot movie event on Fort St Mall.
  - Tourism: Promote Chinatown as visitor attraction – part of Oahu Tourism Strategic Plan.
  - Federal Funding: Preserve America designation generates funding opportunities.

- Sports: Support for Dragon Boat Festival.
- Homelessness: Identified City property in Chinatown for potential transitional housing.
- **Rediscover Oahu Festivals**  
7 Rediscover Oahu Festivals grants awarded to community organizations. Public/private partnership events bring communities together, support local businesses, reinforce unique attributes of Honolulu's communities, and provide visitors with added cultural attractions that enrich Honolulu's visitor experience.

**OED'S CURRENT & POTENTIAL ACTIVITIES 2007-08 :**

- **Targeted Economic Development Plan**  
OED's goal is to take this successful model to other neighborhoods. Other neighborhoods considered in Plan are (but not limited to): Kapolei, Kaimuki/Moiliili, North Shore
- **Kalihi Economic Summit**  
Currently in planning and development for 2<sup>nd</sup> Summit – KALIHI.
- **Chinatown Summit**  
Follow and completion of City-led initiatives from Chinatown Summit
- **Rediscover Oahu Festivals**  
Support and coordination to organizations executing Rediscover Oahu Festivals (dates are subject to change)
  - Kapolei (tbd)
  - Aala Park (Feb 23-24)
  - Kalihi (May 19-20)
  - Waianae (July 14-15)
  - Waipahu (July 21-22)
  - Waimanalo (Aug 11-12)
  - Ewa (tbd)
- Strengthen partnership and increase support of Empower Oahu.
- Encourage business renovations/expansions with incentives.

**2. SMALL BUSINESS**

**OED'S ACTIVITIES 2006-07:**

- **Small Business Resource Center**  
Continued co-sponsorship of Small Business Resource Center at 1041 Nuuanu

Avenue in Chinatown. Designed as a “one-stop-shop, City provides assistance for Oahu’s small businesses to start, develop and thrive in partnership with SBDC and Hawaii Women’s Business Center.

- The City’s **Small Business Advocate** continues to work with Honolulu’s businesses and provides assistance with internal City departments.
- **“Small Business Day at Kapolei**  
In partnership with SBA - to bring resources and training to areas outside of the urban core. Goal is to bring small business workshops to other communities.
- **Small Business Workshops**  
In partnership with Chamber of Commerce of Hawaii, four small business workshops will be presented. Two workshops were conducted in 2006 featuring small business and international business topics. Both were heavily attended.
- **Fort St. BIDA** (Business Improvement District Association)  
OED Director serves on board of Fort St. BIDA.

#### OED’S CURRENT & POTENTIAL ACTIVITIES 2007-08 :

- **Small Business Resource Center**  
Develop strategy to maximize and strengthen effectiveness of SBRC.
- **Small Business Workshops**  
Develop and implement 2 remaining workshops with Chamber.
- **Fort St. BIDA**  
Strengthen partnership.
- **Centralize and Support Small Business Resources**  
There are numerous good small business organizations, but operate separately. The public continues to be confused, unaware of resources, and doesn’t know where to begin. There exists a need to centralize information about all available business resources.  
**OED could serve an effective role as the “first point of entry” for small business.**
  - Expand and reach out to more small business organizations.
  - Develop effective process for referrals and information via web/phone.
  - Maximize SBRC physical location (ex. Workshop space opportunities).
  - Support and promote small business resources to the public.
- **Support Planning and Permitting**
  - Coordinate and work more closely with City’s DPP.
  - Assist in communicating and coordinating of small business issues.

### 3. TOURISM

#### OED'S ACTIVITIES 2006-07:

O'ahu is the core of tourism for the state, attracting more visitors than any other county and generating the greatest revenue for the state. Tourism is the state's primary economic engine and supporting this industry is critical.

From the City's revenue perspective, tourism generates significant property taxes, share of TAT, and supports Honolulu's communities.

- **Rediscover Oahu Festivals**

Rediscover Oahu Festivals listed under "Targeted Neighborhood Revitalization" – also offer visitors unique cultural attractions that enrich their experience and enhance Honolulu's appeal.

- **Hawaii Tourism Authority (HTA-CPEP)**

Hawaii Tourism Authority – County Product Enrichment Program \$425,000

Program enriches the state's tourism product by creating local opportunities to promote unique elements of diverse communities.

- Each county is responsible for grant administration for this program - which involves extensive reporting, monitoring, and detailed coordination.
- 26 events were selected supporting a wide range of communities and cultural groups.

- **Oahu Tourism Strategic Plan (2006-2015)**

The O'ahu TSP establishes an overall direction for tourism stakeholders to move forward in a coordinated and complementary path. Plan is comprehensive and involves extensive coordination with public and private tourism stakeholders.

O'ahu is the core of tourism for the state, attracting more visitors than any other island. As the goals of the Oahu TSP match those of OED, it is vital that the OED effectively manages the implementation of this plan.

- OED lead the O'ahu TSP planning process, developed community planning advisory committee, and guided the plan's development.
- Final plan was received end of Dec 2006. HTA is providing \$24,999 to each county for first year implementation. Additional funding for on-going plan implementation is unknown and unlikely.

- **Waikiki BIDA** (Business Improvement District Association)

OED Director serves on Board of Waikiki BIDA.



OED'S CURRENT & POTENTIAL ACTIVITIES 2007-08 :

- **HTA-CPEP**

Grant administration for 26 HTA-CPEP events including extensive reporting, monitoring, and coordination with internal City departments. Provide assistance to organizations producing events.

- **Oahu Tourism Strategic Plan (2006-2015)**

Implementation of Oahu Strategic Tourism Plan

- Involves management of oversight committee, monitoring of plan performance including collection, review and development of scorecard measures, and reporting to the public of progress toward meeting plan objectives.
- Additional resources should be considered for OED to effectively administer the Oahu TSP.

#### 4. FILM, CULTURE, ARTS

OED'S ACTIVITIES 2006-07:

- **Honolulu Film Office**

Central coordinating agency for film-related activities on Oahu – goal is to foster the growth of the film industry through marketing and promotions of Oahu as a location destination and provide guidance on government permits for all types of production. Film and television production attracts millions of dollars of revenue; provides high-paying and high-skilled jobs; creates business opportunities, exposes Hawaii to an international audience, and supports the visitor industry directly and indirectly. Oahu is the hub of production in Hawaii, typically generating between 50 and 75 percent of all statewide production expenditures.

- Facilitated and coordinated requests for filming on Oahu and on city properties; connected local properties interested in being used in film with the industry; coordinated details and issuance of permit requests for city properties for city agencies
- Aggressively marketed Oahu by utilizing the new statewide film industry tax incentive to focus film industry projects and business development initiatives towards Oahu.
- Worked with local industry professionals to identify and eliminate barriers to growth

- Worked to attract out-of-Oahu production to Honolulu which is essential to grow infrastructure, attract industry resources, create jobs and workforce development opportunities for local residents.
- Developed and implemented advertising campaign that positions Oahu as a premiere on-location destination.
- Represented Oahu's interests related to film industry development on boards and commissions (Hawaii Film and Entertainment Board, Film and Video Association of Hawaii, Association of Independent Commercial Producers/Hawaii Chapter, Hawaii International Film Association, Association of Film Commissioners International).
- Cooperatively worked with Oahu Visitors Bureau and other entities to facilitate destination marketing opportunities through the film industry.
- Extensive workload is handled by the Film Commissioner.
- **Festivals & Cultural Events**
  - Administer grant awards for selected ethnic cultural festivals.

#### OED'S CURRENT & POTENTIAL ACTIVITIES 2007-08 :

- **The Honolulu Film Office**  
Continue on-going activities of Honolulu Film Office
- **Festivals & Cultural Events**  
Finalize grant awards for selected ethnic cultural festivals.
- **Honolulu Capitol & Cultural District** – continue to support efforts to secure national heritage status and maximize opportunities created by this designation.

## 5. SISTER-CITIES

#### OED'S ACTIVITIES 2006-07:

- **Sister-City Program**
  - Longstanding Sister City program (since 1959) with 23 established Sister City relationships with cities around the world that share a direct historical, cultural, or ethnic connection with the people of Honolulu.
  - Sister city programs can have a significant direct economic impact through increased international visitors' spending, business growth via foreign direct investments, additional sales, company expansions, new local jobs, and training programs and exchange students.

- In addition, involving businesses can generate numerous benefits – such as business contacts, gateways into new markets and product lines, giving local businesses a competitive edge, reducing fees in business negotiations, attracting foreign-fee-paying students, facilitating knowledge/technology sharing and joint research.
  - **Honolulu Festival March 10-12, 2006**  
Performing and cultural groups from the Asia Pacific region celebrate Pacific harmony and art in Honolulu. Generated over \$10 million visitor dollars for Honolulu 's economy.
  - **Honolulu City Centennial Celebration 2006**  
Celebration of 100th anniversary of the founding of the City and County of Honolulu.
  - **2006 Filipino Centennial Celebration in Hawaii.**  
Centennial celebration of arrival of the first Filipino immigrants to Hawaii with major international economic summit and Filipino Trade Centennial Exposition in December 2006. Delegation consisted of Mayors from Sister Cities of Manila, Laoag, Vigan, Baguio as well as cities of Bacarra, Pasuquin, and Ilocos.
  - **Incheon, Korea**  
Councilwoman Ann Kobayashi's office hosted Mr. Oh from Incheon City Government from June to December 2006.  
On the same trip through Asia, Mayor Hannemann stopped in Pusan, Korea on his way to our sister city Incheon. In Pusan, Mayor Hannemann met with BioSensor, a smartcard manufacturer with offices in Honolulu and also represented the city at the Pusan International Film Festival, the world's premier Asian film festival. Before the October 15 earthquake cut-short his trip, Mayor Hannemann also met with POSCO Engineering and Construction (developers of 909 Kapiolani) and attended the Korea-U.S. Economic Council, Inc. (KUSEC) gala – an organization approved by and registered with the government of the Republic of Korea and supported by leading Korean corporations and economic organizations with close ties to the American business community in Korea.
  - **Naha, Okinawa**  
In October 2006, Mayor Hannemann lead a delegation of about 1,500 Unchinanchu (Okinawan's) from Hawaii to the 4th Worldwide

Uchinanchu Festival in Naha City, Okinawa. By request of the Okinawa Prefectural Government, Mayor Hannemann delivered a congratulatory message during the Opening Ceremony to thousands of Uchinanchu from around the world.

- **Hiroshima, Japan**

Tourism promotion through correspondence: Mayor Hannemann's video message for Hiroshima's Honolulu Day celebration featured a personal message from the Mayor and footage of Oahu's destinations, welcoming Hiroshima residents to Honolulu. Hiroshima commemorates its sister city relationship with Honolulu every year on November 9, "Honolulu Day".

- **China**

Chinese tourism and exchange: Direct contact with City and County level officials from China facilitates expansion of economic opportunities.

- **Sister City Presentation to Small Business**

Presentation to Chamber of Commerce and small businesses at International Business seminar.

- **Aloha Cities – Domestic US partnerships**

Expansion of Sister City program to develop valuable partnerships with key U.S. cities producing economic and social benefits for the businesses and residents of Honolulu. Program designed to call attention to our special relationship and to stimulate ideas and exchange on the best practices in government, tourism and commerce, education, culture, and other endeavors that will contribute to the progress and prosperity for residents and partner cities.

- **Las Vegas – Aloha City**

The Mayor met with Las Vegas Mayor Oscar Goodman in Dec. 2006 – proclaiming the first "Aloha City" relationship between the two cities – laying the groundwork for formalizing the program.

#### OED'S CURRENT & POTENTIAL ACTIVITIES 2007-08 :

- **Aloha Cities**

Formalize official "Aloha City" program and investigate other cities presenting greatest benefits for the businesses and citizens of Honolulu.

- **Sister-City Program**

- **Zhongshan, China**

Birthplace of Dr. Sun Yat-Sen and where 80% of Honolulu's Chinese residents emigrated from. Dr. Sun Yat Sen, revered by the People's Republic of China as the "father of modern day China," studied in Hawaii and attended both Iolani and Punahou.

In partnership with the Sun Yat-Sen Foundation, development of memorial statue and renaming of the Chinatown Gateway Park to the Sun-Yat-Sen Memorial Park. Dedication event in November 2007.

- **Rabat, Morocco**

Aloha Morocco Week - March 9-14, 2007

Ceremonial signing of the Rabat-Honolulu Sister City Agreement; Ground-breaking for Moroccan fountain, a gift of His Majesty King Mohamed VI of Morocco, many cultural events and an economic forum with visiting Moroccan business and government leaders.

- **Haifa, Israel**

Working on potential of new Sister-City.

## **6. DIVERSIFIED AG**

### **OED'S ACTIVITIES 2006-07:**

Honolulu's agriculture industry continues to evolve – transitioning from large scale corporate farms to a mixture of corporate farms and small specialty crop farming. But diversified agriculture continues to be an important industry for Honolulu - accounting for 70% of Hawaii's agricultural farm revenues and plays a major role in preserving Honolulu's precious green space. With increasing interest in eco-tourism, farm tours and Ag-cultural attractions offer enrichment opportunities to enhance the visitor experience.

- **Soil Conservation Grant**

Awarded \$40,000 Grant to the Oahu Resource Conservation and Development Council to enable them to secure necessary support to process Conservation Plans for farmers and ranchers on the island of Oahu in order to provide Best Management Practices needed for implementation of responsible environmental stewardship. Such practices are essential to prevent environmental disasters and minimize adverse economic impacts resulting from water and soil problems.

- **Community Forums on Ag Theft** - aimed at giving farmers the necessary tools to fight this crime which in 2004 cost them over \$4million.

OED'S CURRENT & POTENTIAL ACTIVITIES 2007-08 :

- **Soil Conservation Grant** Review grant implementation and evaluate benefits for Honolulu's agriculture industry.
- Work with **City Council's Agricultural Development Task Force** to seek initiatives that can effectively support Honolulu's farmers and Ag industry.
- Expand partnerships with diversified Ag organizations to find meaningful ways for the City to support this industry.

## 7. MILITARY

OED'S ACTIVITIES 2006-07:

With expenditures of \$5.6Billion in 2005, the military represents our state's 2<sup>nd</sup> largest source of revenues - next to tourism. The military also creates excellent job opportunities – employing more than 125,000 of our residents.

Honolulu has the largest military population and considerable support is provided from the state and federal governments. With the increasing trend of military members living off-base, the City should explore meaningful ways to support the quality of life for our military families.

- **Military Advisory Task Force**

The Mayor meets semi-annually with commanders from the various military bases in Honolulu to build relationships, understand their issues, and seek ways for the City to provide support.

OED'S CURRENT & POTENTIAL ACTIVITIES 2007-08 :

- **Air Force Week 2007**

Celebration of the Air Force's 60th anniversary – Waikiki Sept. 12 -15, 2007 – includes Thunderbirds aerial show, Sunset on the Beach with military movies, unique ground displays, and public speaking engagements.

- **Military Neighborhoods**

As part of Targeted Neighborhood Revitalization, explore ways to support Honolulu's military communities.

- **Military – Tech – Workforce**

The military's R&D activity in Honolulu, extensive use of technology, and

relationship with Honolulu's Defense & Dual-Use companies present numerous economic development opportunities. Strengthen partnership with Dual-Use business group and support efforts that increase local companies competitiveness and contracting opportunities.

## **8. SPORTS TOURISM**

### **OED'S ACTIVITIES 2006-07:**

Sports Tourism funds were cut from the FY 2007 Budget.

### **OED'S FY 2008 PLANS WITH ADDITIONAL FUNDING:**

Sports events present an outstanding economic development opportunity that the City should be actively pursuing. The direct economic benefit from sports events such as the Honolulu Marathon (pumping more than \$100 million into the state and local economy) is well documented.

Sports events not only increase tourism – attracting visitors, generating publicity, and boosting visitor spending – but also enhance quality of life for residents, supports communities, and stimulates business opportunities.

HTA allocates nearly \$1M to major sporting events. But, smaller, less-famous team events or tournaments can still generate great economic benefits and strengthen community pride and attractiveness.

**From the perspective of City revenues, sports events are opportunities to enhance the city's revenues – increasing City's share of TAT from tourism. But more importantly – supporting local businesses, strengthening communities and making communities more attractive to businesses.**

- **Attract sports events/tournaments & promote City's world-class sports facilities**  
OED should maximize the City's assets – and aggressively promote our own world-class facilities (ex. Waipio Soccer Complex, Central Oahu Regional Park, Neal Blaisdell) and pursue greater revenue impacts of team sports and tournaments.
- **Pre-Olympic Training**  
2008 Olympics in Beijing present a great opportunity for Honolulu. The City should work with UH Athletic Director Herman Frazier, who is a member of the US Olympic Committee, to encourage teams and athletes to do some of their pre-

Olympic training in Honolulu as they make their way to Beijing. Honolulu's world-class sports facilities can support a wide variety of different sports.

## 9. TECHNOLOGY

### OED'S ACTIVITIES 2006-07:

OED activities have not been directly aimed at increasing the growth of Honolulu's tech businesses. It is important to note that the City has indirectly supported Honolulu's tech industry by making technology utilization a priority in all City services.

- Provided support to Hoku Scientific for development of facility in Kapolei.
- Supported implementation of free wireless internet in Chinatown.

### OED'S FY 2008 PLANS WITH ADDITIONAL FUNDING:

Over the last decade, Hawaii's tech industry has grown rapidly. Supported by state tax incentives, increased military spending, and a globally wired world, sustainable tech sectors are maturing. Regions around the world are aggressively developing local tech industries and attracting tech companies. Innovation industries are growing the fastest, producing good paying jobs, and reproducing high-demand skills in local workforces. In the flat global tech economy, **quality of life** is one of the most important factors for tech businesses.

State's DBEDT supports tech through 2 attached agencies: Hawaii Technology Development Corp. and Hawaii Strategic Development Corp. and the Strategic Industries Division. Again, DBEDT's activities are generally broad – aimed at larger shared issues. The state is limited in ability to address the tech industry's quality of life issues or community level business concerns.

The need for county-level support is why Maui and Kauai counties have worked very hard for years to support their local tech companies. With the majority of tech companies located in Honolulu and tech's value to Honolulu's economy, the City should consider allocating greater resources to support this industry.

Recognizing that numerous state, federal, and private sector resources are already available, OED would ensure that the City's tech initiatives are coordinated, adds



value - not redundant, and involves a distinctive City resource or capability.

- **Technology Advisory Council**

Establish Technology Advisory Council with local technology leaders to advise, guide, and add industry's support for OED tech programs.

- **City's Utilization of Tech**

Continue to maximize technology to improve City's customer service.

Ensure that local tech firms understand and can effectively compete for City's IT purchasing plans.

- **Maximize Use of City Assets**

- Local tech companies need facilities space with distinct needs for power, air, office access, dry/wet labs, and access to business services. Tech companies want to cluster together and supporting clusters has proven to be one of the most effective ways to increase success.

- The State maintains an incubator in Manoa, is creating a biotech park in Kaka'ako, and both Maui and Kauai have increased their incubator and tech park facilities. Honolulu's lack of tech facilities is becoming a major problem. The space needs of the fastest growing tech sector - Defense/Dual Use is an important group for the City to work with.

- **Tech Businesses are Small Businesses**

- Expand Small Businesses support with greater integration of technology and additional focus on addressing issues of Honolulu's tech companies.

- Partner with tech organizations and identify city services that can enhance City's support for growing this important sector.

- **Wireless City**

Expand upon "Wireless Chinatown" pilot reaching into other communities – ultimately enabling "Wireless Honolulu".

- **Renewable Waste**

Explore opportunities with renewable technologies with waste products (biowaste, greenwaste, etc.)

## 10. WORKFORCE DEVELOPMENT

### OED'S ACTIVITIES 2006-07:

All of OED's activities make an impact and contribute to workforce development in some form. Supporting small businesses, revitalizing communities, and supporting Honolulu's economic sectors all enhance creation of jobs. However, it is important to note that direct workforce development activities are currently handled by the City's Department of Community Services (DCS) through Workforce Hawaii and the Oahu Workforce Investment Board.

- In summer of 2005 the Mayor joined a team effort by Hawaii's government and congressional leaders, the Chamber of Commerce, and others that successfully staved off an attempt to place the Pearl Harbor Navel Shipyard in the base closure list.
- Mayor Hannemann personally lobbied against the closure to prevent the loss of over 5,000 jobs in Honolulu, as well as the damaging ripple effect this would have on Honolulu's small business community.

### OED'S FY 2008 PLANS WITH ADDITIONAL FUNDING:

With Honolulu's low unemployment rate, workforce development and job training are statewide problems. The City needs to find creative ways to facilitate job training and readiness. Companies in all industries are having problems hiring employees in all skillsets – and this is negatively impacting business productivity and quality of life in communities. Honolulu's continuing brain drain of our best and brightest directly and adversely impacts the City. The City should find ways to maximize our existing resources, to add our support to efforts to bring our kama'aina back home.

- **Support and Promote DCS Workforce Programs**  
Strengthen partnership between DCS and OED. Coordinate DCS programs with OED's neighborhood revitalization efforts. Support, strengthen, and promote City's workforce programs.
- **Maximize City Assets for Workforce Development**  
Make use of City Park Recreation Centers for afterschool computer labs or other skills development activities.
- Partnerships with community colleges, schools, and neighborhood businesses.

## 11. TRANSIT-ORIENTED DEVELOPMENT

### OED'S ACTIVITIES 2006-07:

OED's involvement was limited at this early stage in the transit plan, but greater involvement should be considered as transit progresses.

### OED'S CURRENT & POTENTIAL ACTIVITIES 2007-08 :

- **Transit-Oriented Development**

- In light of the recent City Council approval on transit, it is important to recognize the vital role economic development plays in transit and prepare resources effectively.
- Improved transportation increases quality of life and strengthens livable communities – making these communities much more attractive as a place to live – attracting both businesses and residents. The economic benefits of transit will be wide-spread throughout the City.
- In particular, the issue of Transit-Oriented Development (TOD) around rail stations will have a tremendous direct impact on rail communities. The steady and growing streams of pedestrians and transit riders coming into and out of communities around rail stations – stimulates economic development – creating opportunities for a mix of commercial/retail/recreational businesses, housing and “walkable” neighborhoods, with more parks, open space, and bike paths.
- The City's Department of Planning & Permitting (DPP) will be establishing the overall direction and policy on TOD. As OED's mission - enhancing quality of life and building livable communities – is in lock step with TOD, OED can and should play a role in supporting TOD.  
As roles and responsibilities become clarified for transit, OED's priorities and resources should be re-evaluated accordingly.

## WHAT IS ECONOMIC DEVELOPMENT?

Economic development is a dynamic process to increase business growth within a geographic area. Whether the area is the nation, state, city, or region, economic development is the process by which individuals, organizations, and governments can enhance quality of life by creating new wealth and stimulating economic growth.

Common economic development objectives include creating/attracting/retaining/expanding business, encouraging entrepreneurship, increasing the base for tax collection, creating jobs, making the best use of natural resources, generating personal income, and raising the standard of living.

There is no single successful strategy, policy, or program for achieving economic development objectives. Communities face unique challenges because each differs in its geographic attributes, social organization, resources, performance expectations, and the capacity of their political institutions. As a result, the most effective policies and programs are those tailored to fit local needs.

## IS ECONOMIC DEVELOPMENT ONLY A STATE FUNCTION?

All levels of government - federal, state, and city/county – each have significant roles in economic development.

The federal government creates the economic and political environment in which local, state, and regional economies function. The influence of national government policies is broad and significant – such as setting fiscal policies that create the general framework or structure of the economy.

State governments engage in efforts to improve the state's overall economy. Substantial resources are available to states to support and promote industry development, attract new investments, and pursue economic diversification. The state plays a principal role in economic development, but the broad scope of their responsibility limits their ability to focus on specific differences and needs of unique communities within the state.

The State of Hawaii's Department of Business, Economic Development and Tourism (DBEDT), is responsible for supporting business and economic development for all of Hawaii's counties. In general, DBEDT promotes and supports the state's major industries, encourages development of targeted emerging industries, international

trade activities, and conducts and distributes extensive economic data and analytical research.

DBEDT's divisions are:

- Creative Industries Division
- Foreign-Trade Zone Division
- Office of Tourism Liaison
- Research and Economic Analysis Division
- Strategic Industries Division
- Strategic Marketing & Support Division

DBEDT's attached agencies are:

- Aloha Tower Development Corporation
- Hawaii Community Development Authority
- Hawaii Strategic Development Corporation
- Hawaii Tourism Authority
- High Technology Development Corporation
- Land Use Commission
- Natural Energy Laboratory of Hawaii Authority
- Center of Excellence for Research in Ocean Sciences
- Office of Planning

With a sizeable budget, the scope of DBEDT's economic development activities are broad, supporting the collective needs of the entire state. However, significant resources are allocated towards business and visitor ATTRACTION efforts, support for renewable energy industry, international trade, and economic data collection and reporting.

#### **GIVEN OUR LIMITED RESOURCES, WHY SHOULD THE CITY OF HONOLULU FUND ECONOMIC DEVELOPMENT?**

Quality of life and quality of place are driven from the bottom up – and this begins in our communities. Throughout the nation, cities and municipalities are devoting more and more resources to local economic development.

City/County governments are focused on local issues – serving unique needs of diverse communities. This is the level of government closest to the people and the best able to reach into neighborhoods.

In Hawaii, the importance and need for City/County level economic development support is clearly demonstrated by the neighbor island counties. Even with DBEDT's activities, each county not only has their own Chamber of Commerce and non-profit economic development board, but also allocates considerable county resources and funds to County Economic Development offices.

FY 2006 Budgets of County OEDs:

*(approximated from publicly available data)*

- Maui \$7.3M
- Kauai \$1.0M
- Big Island \$3.2M

**Honolulu generates 80% of the state's revenues, but allocates the least amount of funds for economic development.**

- Honolulu's program budget for FY 2006 was \$481,332 and FY 2007 was \$372,526

The Charter of the City & County of Honolulu states:

*"The City should enhance the quality of life for the residents of the City and County of Honolulu: Provide an open, accessible and participatory government; organize government in an efficient and effective manner; enhance the quality of public services; involve residents in the decision-making process; and promote the sustainable use of the City and County of Honolulu's limited resources for future generations."*

Making the community a better place to live is a major goal of local governments. Of course, in a way, all public services help improve the community. Most public services help both people who use them directly and the community at large.

The City affects our lives in many ways: it supplies the water we drink, provide police and fire protection, operates parks, helps people in need, regulates how land is used, enforces state and local laws and works to bring new jobs to our communities. It provides the basic public services that impact your quality of life on a daily basis.

The City is important to you because its services directly impact how well you and your neighbors live. The City's role is to make life better for the people in the community.

All of the City's basic services contribute to economic development – increasing the value and appeal of Honolulu's diverse communities. An abundant supply of safe water, adequate sewage-disposal capacity, good police and fire protection, as well as community beautification, recreation, and culture/arts create a high quality of life that is important and attractive to current businesses and residents, tourists, and to those looking to relocate.

Basic city services add value to the livability of communities, but the City also plays an important role in directly shaping the community's economy by addressing the needs of businesses in the community.

The purpose of economic development activities is ultimately to increase tax revenues. Because the city derives its revenues from property taxes, the concrete goal is to increase the number of businesses and private households that reside within a particular area and thereby increase net tax revenue.

**This aim is realized by making a county or city more attractive to business.**

Communities are facing new challenges in attaining economic growth, increasing wealth, and improving quality of life for residents. Economic development experts have stated that industry and business regard livability as an important locational factor, asserting that local governments need to identify their quality of life attributes, build on them and effectively promote them to the business community.

Economic development is not just about providing the basic services like roads, water, safety, and housing – but also about creating jobs and growing businesses.

**In its simplest form, the City's role in economic development is about improving quality of life and enhancing quality of place – building livable communities.**

### FINAL THOUGHTS ON MEASURES OF EFFECTIVENESS

Measuring the effectiveness of economic development activities is a difficulty and challenge by all cities and states. Typical measurements commonly used - such as number of grants awarded, number of events, number of contacts made, number of attendees at events, etc. – do not accurately reflect true impacts of economic development initiatives. Direct causation is difficult to quantify and benchmarks should be specifically linked to goals and intended results.

With that said, there are some general measurement categories that may be helpful to monitor. Given our limited resources, focus should be placed on capitalizing on data collection efforts already being conducted by various governmental and private-sector organizations (such as DBEDT, Dept. of Tax, etc.)

- Tax Revenues
- Property Tax Revenues (by County, by Community if possible)
- Growth of Businesses
- Growth of Jobs
- Surveys of Business & Resident satisfaction